

66-3811

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2 SEP 1966

MEMORANDUM FOR: The Honorable Dean Rusk
The Secretary of State

SUBJECT : Activities of Communist Countries in
the World Wheat Market During August

The attached paper contains the latest available information on the activities of Communist countries in the world wheat market. We have included material on Eastern European Communist countries, as well as on the Soviet Union and Communist China.

/s/ Richard Helms

Richard Helms
Director

Attachment: (1)
Subject paper

1 SEP 1966

R. J. SMITH
Deputy Director for Intelligence

Distribution: (S-2000)

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Activities of Communist Countries in the
World Wheat Market During August

During August, the Soviet Union and Communist China did not buy in the world wheat market. The Soviets did make inquiries concerning the availability of Argentine and French wheat, but they will probably not decide whether to place orders until the results of the September harvest are known. Poland and Bulgaria purchased 400,000 tons of wheat from Canada under standing agreements, and Poland made small purchases in the US.

A Soviet wheat delegation recently visited Canada, apparently to negotiate the delivery schedule for the 3 million tons of wheat and flour purchased earlier for delivery to the USSR before 31 July 1967. We have no information that the Soviets are seeking to buy additional wheat from Canada.

The prospects for the wheat harvest in the Soviet Union remain favorable. Harvesting of an above-average winter wheat crop has been completed, and harvesting in the major spring wheat areas will soon begin. A fairly good crop has been grown, although it is maturing somewhat later than usual. The success of the harvest will depend on weather conditions during the next few weeks.

Free World sales of wheat to Communist China for the 1966-67 consumption year (July-June) remain at 3.3 million tons, compared with average annual imports of about 6 million tons in recent years. The Chinese are expected to make additional purchases of wheat in the near future from Canada, Australia, and Argentina, for delivery in the first half of 1967.

The East European countries have purchased some 1.9 million tons of wheat from the Free World for the 1966-67 consumption year, or less than half of their estimated import requirements from this source. It has been reliably reported that Bulgaria and Rumania have offered as much as 250,000 tons of wheat on the world market, but neither the Soviet Union nor Communist China have shown any interest.

CIA
August 1966

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Remarks: Attached for your signature is our monthly transmittal to the Secretary of State of current information on Communist wheat market activity.

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